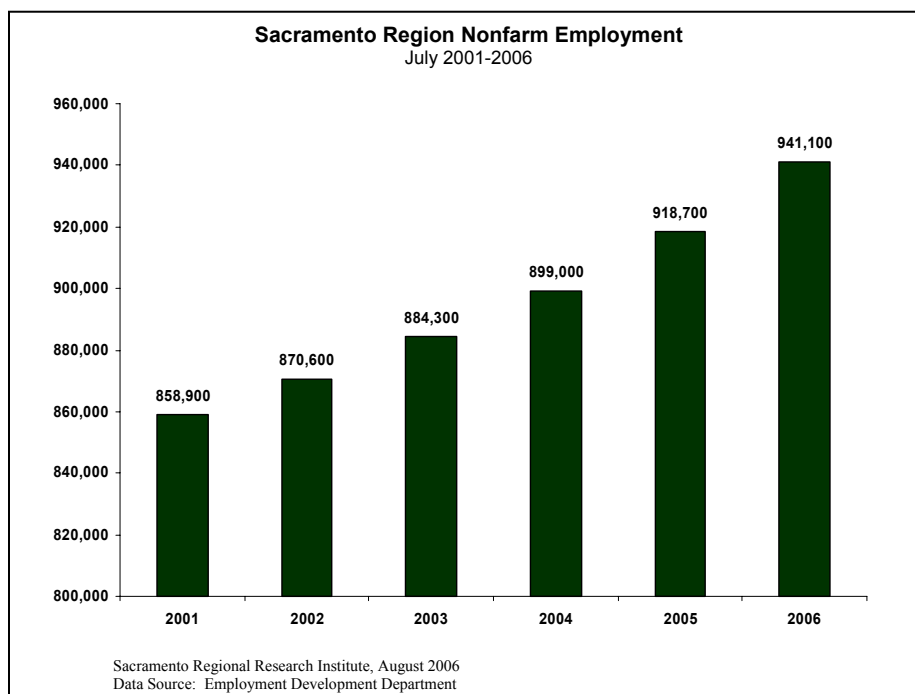
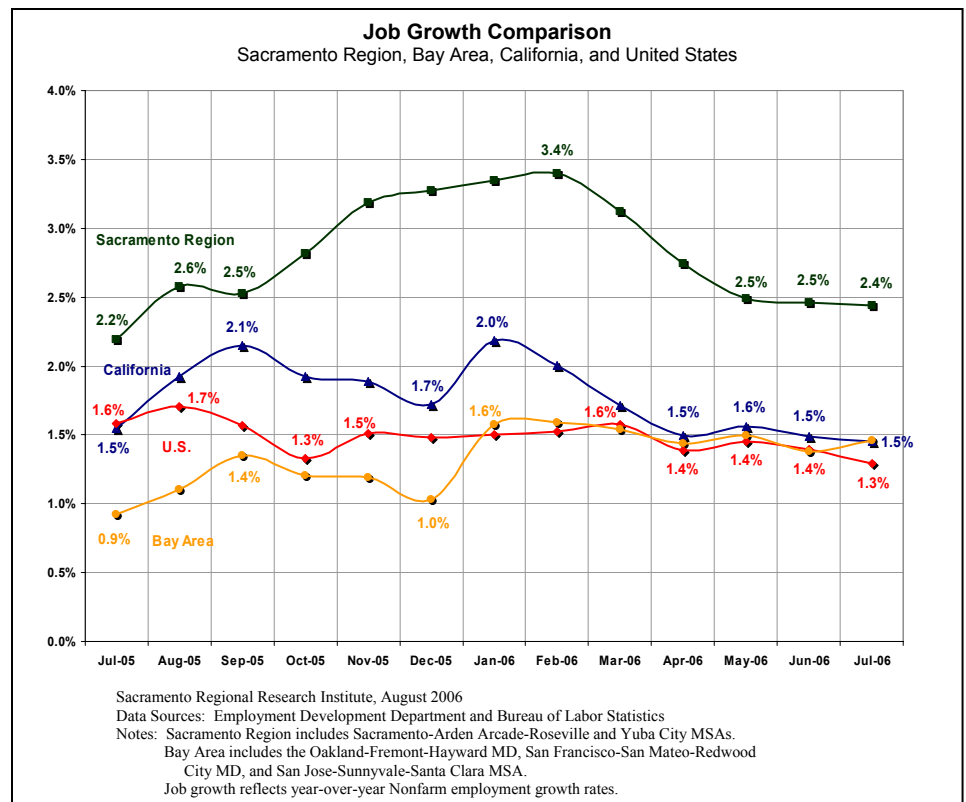


### EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

*Job growth in the Sacramento Region has declined recently due to slower growth in the Region's Construction and Financial Activities sectors.*

Job growth in the six-county Sacramento Region declined again slightly in July 2006 driven by continued decreases in year-over-year employment growth rates in the Construction and Financial Activities sectors. Between July 2005 and 2006, the Region posted 2.4 percent employment growth, adding 22,400 jobs over the 12 month period. Since February 2006, when the Region displayed notably strong job growth, employment growth rates have dropped nearly every month, but still remained well above the statewide and national averages.

Since April 2006, job growth in the state has been fairly flat, showing an addition of about 1.5 percent more jobs compared to the same month in the previous year. In the past 12 months, the state gained 214,000 jobs. In recent months, the state's job growth has been noticeably weaker than the 2.0 percent growth it posted at the beginning of the year. However, the state has consistently posted employment growth rates above the national average since last summer.



For quite some time, the nation's job growth has shown a practically flat trend, averaging around 1.5 percent growth. Over the past few months, the nation has diverged slightly from this trend, posting job growth below the short-term average and experiencing one of the lowest growth rates it has seen in a couple years. In July 2006, the nation posted a 1.3 percent year-over-year employment growth rate, reflecting an increase of just over 1.7 million jobs.

Like the state, the Bay Area has seen somewhat flat job growth in the past few months. Over the 12 months ending in July 2006, the Bay Area posted 1.5 percent job growth with a gain of 41,400 jobs. While the Bay Area has been hovering around the statewide average job growth since April 2006, July 2006 marked the first time since its economic recovery that it posted an employment growth rate equal to the state.

*The Region's Government sector added the most jobs among its major sectors between July 2005 and 2006.*

The Government sector created a notable portion of the jobs added in the Sacramento Region over the past 12 months (5,300 of the net 22,400), placing it at the top of the list of major sectors for the first time since last fall. Professional & Business Services and Leisure & Hospitality followed Government with the greatest employment gains between July 2005 and 2006. The top three sectors combined added 15,200 jobs in the Region, which accounted for almost 68 percent of the net increase. The Region's Manufacturing sector continued to buck the statewide trend by adding jobs in the past year while the state posted job losses. Only one sector in the Region had fewer jobs than the same month of the previous year, Information.

The majority of the state's net employment gains was generated by the Professional & Business Services; Leisure & Hospitality; and Government sectors (similar to the Sacramento Region). Together, these three sectors saw an increase of 123,700 jobs between July 2005 and 2006, nearly 58 percent of the state's net gain. Manufacturing and Information both lost jobs at the statewide level over the past 12 months.

Unlike other areas of the state, the Construction sector was a key contributor to the Bay Area's job growth in the past year, adding 9,200 jobs. Similar to the statewide average, Professional & Business Services and Leisure & Hospitality were also among the top three sectors with the greatest job gains in the Bay Area. Most of the Bay Area's major sectors have seen significant improvements since the recent economic downturn, but the Information sector, a component of the high-tech industry, continues to post job losses on a year-over-year basis.

<b>Employment Gains and Losses</b>		
<b>Components of Sacramento Region and Bay Area</b>		
<b>Area</b>	<b>July 2005-2006</b>	
	<b>Absolute</b>	<b>Rate</b>
Sacramento Region	22,400	2.4%
Sacramento-Arden Arcade-Roseville MSA	20,400	2.3%
Yuba City MSA	2,000	5.2%
Bay Area	41,400	1.5%
Oakland-Fremont-Hayward Div.	24,900	2.4%
San Francisco-San Mateo-Redwood City Div.	14,200	1.5%
San Jose-Sunnyvale-Santa Clara MSA	2,300	0.3%

Sacramento Regional Research Institute, August 2006  
Data Source: Employment Development Department  
Note: Gains and losses reflect Nonfarm employment.

employment gain and a moderate 2.4 percent growth rate. Posting 1.5 percent job growth, the San Francisco-San Mateo-Redwood City Metropolitan Division (Marin, San Francisco, and San Mateo Counties) also supported the Bay Area's job growth, contributing about 34 percent of the net job gain. While it posted positive growth in the past 12 months, the San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) has had a minimal role in generating jobs in the Bay Area.

<b>Major Sector Employment Gains and Losses</b>			
<b>Sacramento Region, California, and Bay Area</b>			
<b>Sector</b>	<b>July 2005-2006</b>		
	<b>Sacramento Region</b>	<b>California</b>	<b>Bay Area</b>
Total Nonfarm	22,400	214,000	41,400
Private Sector	17,100	180,100	39,100
Public Sector	5,300	33,900	2,300
Government	5,300	33,900	2,300
Prof. & Business Svcs.	5,100	50,600	9,500
Leisure & Hospitality	4,800	39,200	5,900
Trade, Trans., & Util.	3,700	27,200	5,800
Manufacturing	1,500	-4,400	1,300
Edu. & Health Svcs.	1,500	30,600	5,400
Construction	1,100	15,300	9,200
Financial Activities	200	13,500	3,500
Nat. Res. & Mining	0	1,300	0
Other Services	0	10,900	700
Information	-800	-4,100	-2,200

Sacramento Regional Research Institute, August 2006  
Data Source: Employment Development Department

With about 91 percent of the Sacramento Region's employment increase between July 2005 and July 2006, the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA) saw moderate job growth of 2.3 percent driven by the Professional & Business Services; Government; and Leisure & Hospitality sectors. Although it posted strong growth in July 2006 (5.2 percent) due to growth in its Government; Manufacturing; and Trade, Transportation, & Utilities sectors, the Yuba City MSA (Sutter and Yuba Counties) has recently seen declining employment growth rates.

Supported by gains in its Construction and Professional & Business Services sectors, the Oakland-Fremont-Hayward Metropolitan Division (Alameda and Contra Costa Counties) played an important role in the Bay Area's job growth in July 2006 with over 60 percent of the net employment gain. Posting 1.5 percent job growth, the San Francisco-San Mateo-Redwood City Metropolitan Division (Marin, San Francisco, and San Mateo Counties) also supported the Bay Area's job growth, contributing about 34 percent of the net job gain. While it posted positive growth in the past 12 months, the San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) has had a minimal role in generating jobs in the Bay Area.

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